



North Coast Co-op
Board of Directors Meeting Minutes
December 7, 2017
Ten Pin Building – 793 K Street, Arcata

Present at meeting:

Board Members: Colin Fiske (Board President), Leah Stamper (Secretary), James Kloor (Treasurer), Cheri Strong, Mary Ella Anderson

Absent Board Members: Ed Smith, Robert Donovan (Vice President)

Co-op Employees: Melanie Bettenhausen, Emily Walter, Laurie Talbert, Travis Morgan, Vince Graves-Blandford, Austin Wright

Member-owners: Roger, Lisa Blandford, Amanda Lightfoot-Wright

1. Welcome

Meeting was called to order at 6:00pm by Colin Fiske at the Ten Pin.

2. Agenda Review

Mary Ella would like to add an agenda item about board training.

Motion: Approve the December board agenda with additional board training agenda item to follow the board President's report.

Approved by consensus - Motion passes

3. Approval of the Minutes

Motion: Approve the November 2, 2017 board meeting minutes.

Approved by consensus - Motion passes

Motion: Approve the November 16, 2017 special board meeting minutes.

Approved by consensus - Motion passes

4. Member Comment Period

Roger would like to see both stores close for the Annual Membership Meeting so that all employees have an opportunity to attend. He would like this to go to the membership to decide.

- Colin recommends putting this as an agenda item at the January MAC meeting.

5. Board President Report – Reported by Colin Fiske

a) Board Report Assignment

James will write the December board report and the board Co-op News article.

b) Committee appointees

Motion: Approve board members to serve on the following committees:

MAC – Mary Ella, Cheri, Colin

EAC – Leah (Chair), Colin, Cheri

NC – Mary Ella (Chair), James

PPC – Leah (Chair), Colin, Ed, James

Motion by Colin, 2nd from James, Motion passes (6/0/0).

c) Continuation of the Co-op Access Program (CAP)

Colin proposes continuing and budgeting for the CAP pilot program, as it currently stands, into the next fiscal year. This will allow the current CAP program participants to continue in the program.

Motion: Continue the CAP pilot program, as is, until we can assess the initial year, at which point the program will be evaluated.

Motion by Cheri, 2nd from Mary Ella, Motion passes (6/0/0).

d) Board Correspondence

John Lucas email – recommends including an opportunity for member survey/feedback to be included with the annual election ballot.

- Mary Ella worries including a survey with the ballot could be confusing to the membership.
- Colin recommends forwarding John Lucas's letter for review at the January MAC meeting.

6. Board Training

Mary Ella got some names of local consultants who could possibly do a basic board training. She will contact them to find out more about their trainings and their knowledge of serving on a board for a Cooperative.

James will conduct a 15-20 minute training on how to read financial statements at the January board meeting.

7. Strategic Planning – Reported by Colin

Colin reported that the strategic planning organizing committee met this week and are proposing the following process and timeline, as distributed in the board packet, to complete a strategic plan in 2018:

The Vision & Goals Committee (VGC) is responsible with creating a vision for the Co-op with associated goals and objectives for financial, social and environmental performance, based in-part by input from Co-op members. VGC will consist of 2-3 board members approved by the board, 2-3 management team members determined by the General Manager, and 2-3 Co-op members approved by the membership attending a kick-off meeting planned for March 2018. The VGC will meet to review input from Co-op members and create a draft vision with goals and objectives to submit to the General Manager in June. The VGC will meet a minimum of four times following the kick-off event in March. The VGC will be facilitated by the Marketing & Membership Director and supported by the Administrative Assistant. The VGC will operate by consensus whenever possible and by majority vote when consensus cannot be reached. A quorum shall be a majority of committee members including at least one committee member from each category.

ACTION: Emily will update the timeline to show that the VGC committee will receive the GM's draft strategic plan simultaneously with the board and be invited to give feedback at the subsequent board meeting.

Motion: Approve the 2018 strategic planning timeline and proposal for forming a Vision & Goals Committee (VGC). Colin, Leah and James are appointed as the board VGC representatives.
Motion by Colin, 2nd from Leah, Motion passes (6/0/0).

8. Single-person Membership Household Shopper Limit – Reported by Laurie

Laurie proposed limiting household shoppers to one per single-person membership in order for our current systems to work properly and to roll out new membership materials starting January 1.

Motion: Approve limiting household shoppers to one person per single-person membership.
Motion by Leah, 2nd from Mary Ella, Motion passes (5/0/1). Cheri opposed.

9. Remodel Update – Reported by Melanie

Everything is in motion to secure all needed financing. If financing is secured by the end of the month the current timeline for the remodel will be on track. We will not be reimbursed for what we've already invested in the property. The USDA guarantee will cover up to 80% of the value of the collateral if the Co-op defaults on the loan.

Motion: Confirm board approval of the remodel project under current budget and scope.
Motion by Colin, 2nd from James, Motion passes (5/0/1). Cheri opposed.

10. Committee Reports/Motions

10a. Nominating Committee (NC) – Reported by Mary Ella

At the January meeting the committee will continue discussing the board application process, board recruitment

and board training. A couple of items to discuss will be requiring board applicants to collect 25 Co-op member signatures and including two references with their application.

10b. Earth Action Committee (EAC) – Reported by Leah

The group talked about traffic and parking in Arcata and the improvements they would like to see. They will be discussing Humboldt RePower options at their December meeting.

10c. Policies & Procedures Committee (PPC) – Reported by Leah

The committee talked about confidentiality agreements for the board. The conversation was around making sure that board members understand their obligation to confidential information. The group concluded that confidentiality training should be part of board orientation.

- James would like to discuss a conflict of interest policy that includes documenting conflicts of interest.

ACTION: Emily will add conflict of interest agenda item to the January PPC agenda.

The confidentiality conversation brought up the question of what circumstances a board member can be removed from the board by the board.

Motion: Authorize Leah Stamper to consult with the board attorney to get an understanding of what circumstances a board member can be removed from the board by the board.

Motion by Colin, 2nd from James, Motion passes (6/0/0).

- It was decided that single-membership implementation would not start until January 1.

10d. Member Action Committee (MAC) – Reported by Mary Ella

Looked at CAP survey responses, debriefed on Annual Membership Meeting and are looking at options for racial equity trainings for the board.

10e. Finance Committee (FC) Committee – Reported by James Kloor

The November FC received a helpful presentation from the auditors for the FY17 audit. One thing to note was that at the end of FY17 there is not a net profit, thus, there will be no patronage refund.

James would like the board to discuss what to do with retained patronage refunds that are currently sitting in an account as cash. Both James and Colin believe it should be moved into B shares.

- Melanie doesn't think this is the right time to make this change with the changes happening with single-person membership and cleaning of the membership database.

- Colin suggests that we direct staff to focus on correcting the books and making sure that retained refunds get transferred to B shares as part of the process of updating the database and unclaimed equity procedures.

- Melanie suggests that the end goal should be to have this addressed by the end of FY19.

Motion: Direct staff to transfer the retained patronage refunds into B shares, cash them out, or deal with them as appropriate by the end of FY19.

Motion by Colin, 2nd from Leah, Motion passes (6/0/0).

The most recent quarterly, year to date, balance sheet, operation statements, and profit and loss statements are not usable because many numbers are incorrect, making it impossible to evaluate the financial situation of the Co-op. Accounting staff and the auditors are working to correct errors. For this reason, the FC did not vote on the 4th quarter C share dividend and it remains at 2%.

Motion: Direct staff to investigate the possibility of Wegner CPAs conducting the FY18 audit.

Motion by Colin, 2nd from Leah, Motion passes (6/0/0).

{ 5 MINUTE BREAK }

11. General Managers Report - December 2017 – Reported by Melanie, highlights include:

Health Insurance

Melanie reviewed health claim costs that don't initiate stop loss insurance. Stop loss doesn't kick in until \$80,000 per individual and there is no aggregate. Melanie will be looking into getting the Co-ops stop loss lowered or get an aggregate. Melanie feels confident that there are positive changes that can be made with the current health insurance situation. Health insurance open enrollment for employees is taking place in December.

Changes to the GM report layout/content

The board discussed what changes, if any, they would like to make to the GM report.

- Colin – likes having all the details in Melanie's report.
- Mary Ella - concerned the board could get side-tracked on less important issues and not on the more important issues.
- Colin- Melanie's verbal report highlights the important information.
- It was agreed that Melanie will continue with her reports as is, highlighting/bolding areas of importance.

UNFI out of stock

UNFI has not been fulfilling orders, leaving empty shelves at the stores. UNFI considers its business successful if it has a less than 3% out of stock rate. At 2.5%, Arcata is at the top of their out of stock rate and yet UNFI does not consider this a problem. Alisha is looking at alternative distributors that would be in addition to UNFI. We must be mindful that the Co-ops contract with UNFI guarantees that the Co-op will purchase a certain percent of their products from UNFI, even if UNFI is not following through with their orders. Many co-ops, especially small co-ops that feel the impact of out of stock issues the most, are pushing NCG to help resolve this problem.

Finances

October saw positive sales for both stores. Stores are doing well as far as customer count. Grocery outlet opened in McKinleyville. The store saw a dip in sales opening day but rebounded to normal just a few days later.

- James would like a mid-year budget review in September at the Finance Committee.

Hoopa Valley Grocery Store

Melanie was asked to participate on a newly forming board for the upcoming store. Melanie declined due to conflict of interest but will remain involved as an advisor.

<p>Motion: Approve the December General Managers report. Motion by James, 2nd from Mary Ella, Motion passes (6/0/0).</p>
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12. Member Comment Period

None

13. New Business (items for next agenda):

- James will educate the board about how to read financial statements
- Review and approve a board budget for FY19

Consensus reached to adjourn the December 7, 2017 meeting at 8:39pm and move into Executive Session.

Minutes by Emily Walter



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Board of Directors Executive Session Minutes
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Absent Board Members: Ed Smith, Robert Donovan (Vice President)

Approved guests: None

No reportable action this month.

Executive session ended at 9:25pm

Reported by Leah Stamper